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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

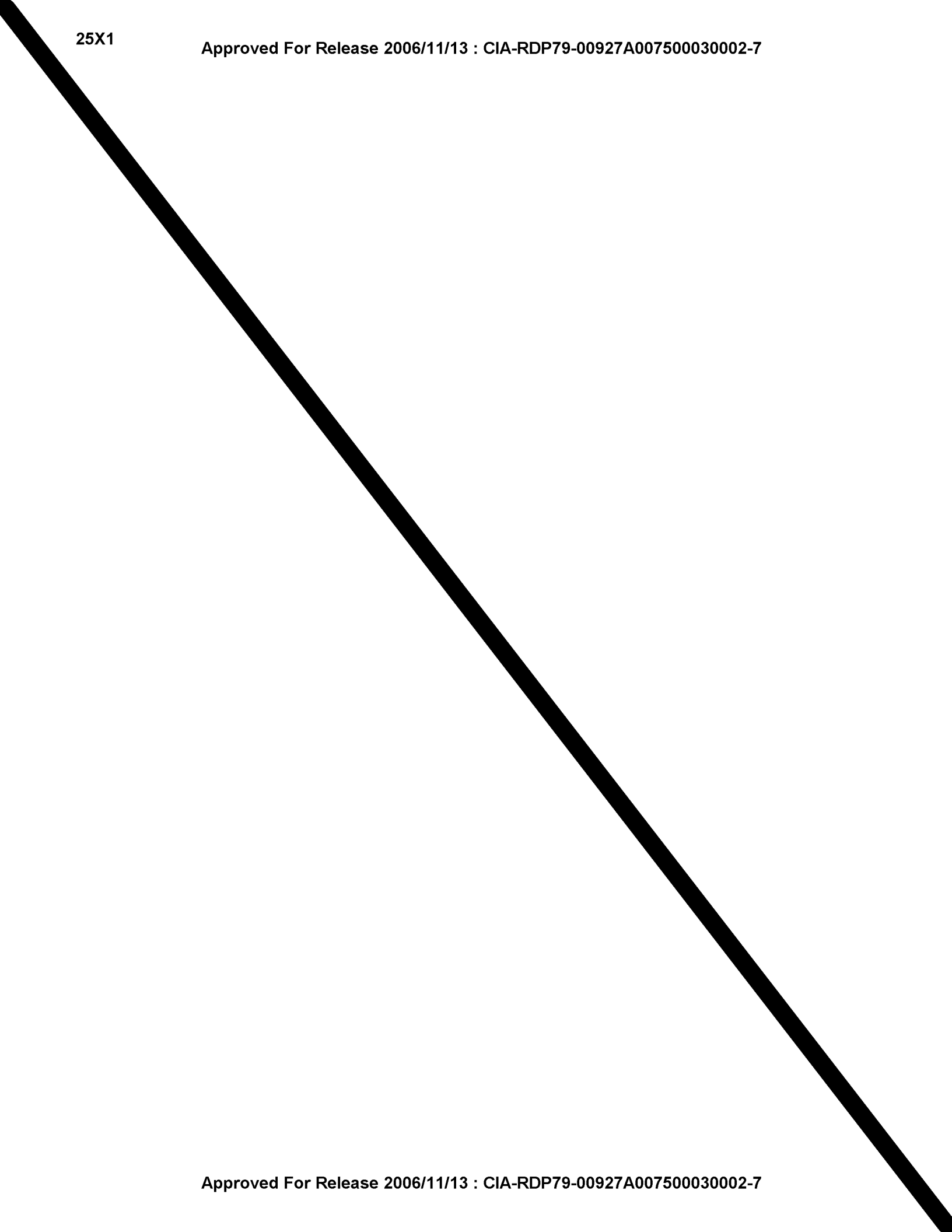
Special Report

Japan's Relations with the USSR

Secret

№ 46

12 December 1969
No. 0400/69A



Approved For Release 2006/11/13 : CIA-RDP79-00927A007500030002-7

JAPAN'S RELATIONS WITH THE USSR

Mistrust and caution have characterized Japanese attitudes toward the Russians since the 18th century. The basic anti-Russian sentiments shared by many Japanese today are rooted in the vigorous imperialist rivalry that existed between the two aspiring powers for dominance in Korea, Manchuria, Mongolia and China, culminating in the hatreds generated by the Russo-Japanese War of 1904-1905. The belated Soviet declaration of war against Japan in August 1945, coupled with what the Japanese saw as Soviet vindictiveness in the postwar negotiations, raised anti-Russian hostility in Japan to a new peak.

The Soviet image in Japan has improved slowly since then. The lack of a meaningful dialogue between Tokyo and Moscow in the postwar years was clearly revealed by the failure of the two countries to terminate their state of war until 1956. Although political interchange has been increasing, meaningful interaction between Japan and the USSR has been limited largely to economic and cultural contacts. In the past year or so particularly, economic relations have developed moderately. Political relations, however, have continued to suffer as a result of territorial disputes and Soviet distaste for Japan's pro-US posture in Asian affairs. The appointment of the politically well-known Oleg Troyanovsky as ambassador to Japan in mid-1967, following a string of economically oriented officials in that post, suggested that Moscow might be shifting its emphasis somewhat in dealing with Tokyo. Troyanovsky managed to make some progress in improving the Soviet Union's image in Japan, but the Soviet invasion of Czechoslovakia just a year after he arrived undermined much of his effort.

Since the invasion of Czechoslovakia, however, the Japanese have been witnessing a new approach from the Soviet side. Moscow has embarked on a growing effort to court the country's ruling conservatives, while downplaying, but not abandoning, ties with Japan's increasingly ineffective left. This new tack is probably spurred in part by Moscow's sharpened concern over deteriorating relations with China, recognition that the growing economic power of a "reawakening" Japan will ultimately affect the whole power relationship in East Asia, and a desire to maintain an open channel of communications with the ruling party.

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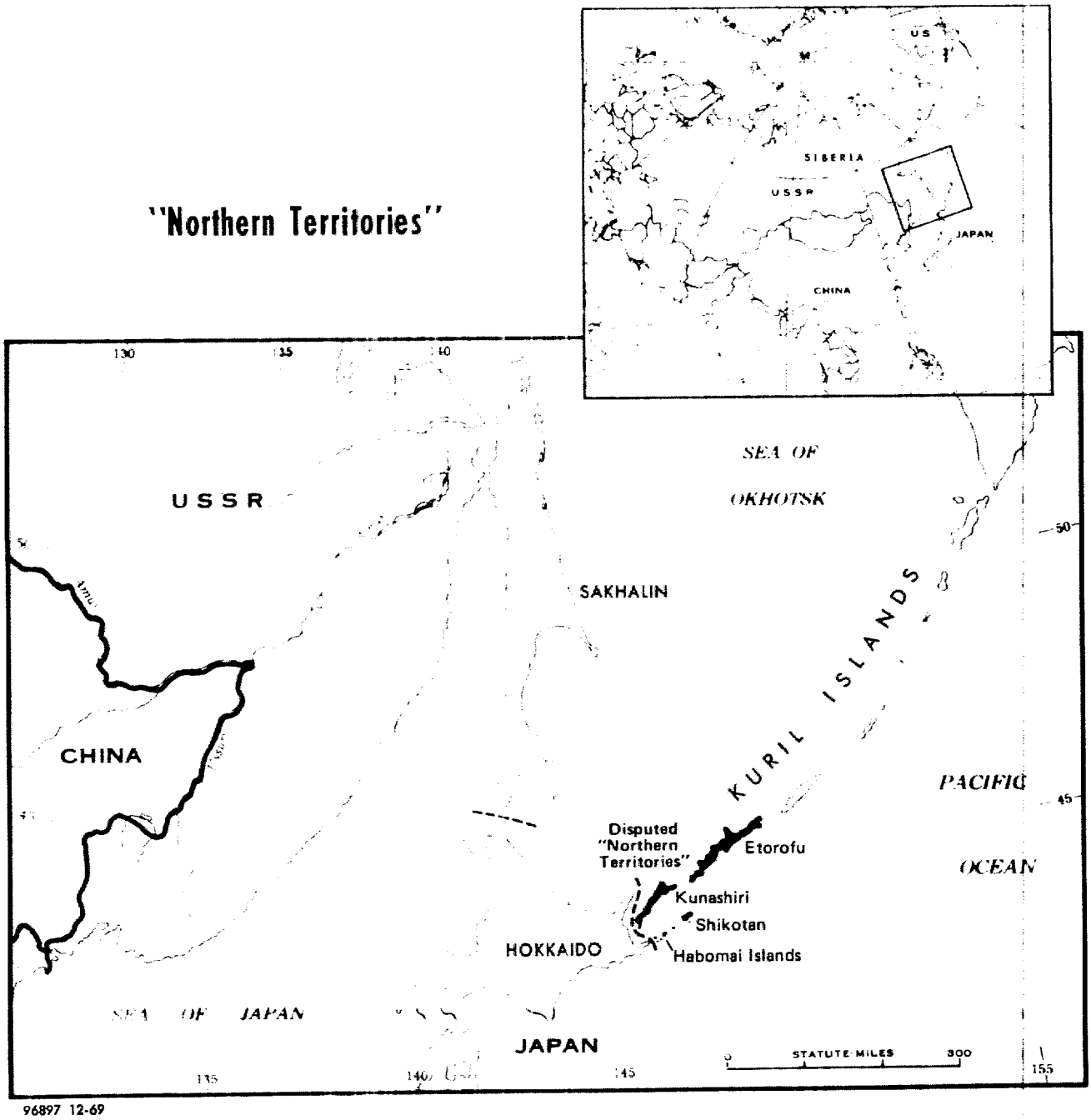
"Northern Territories"



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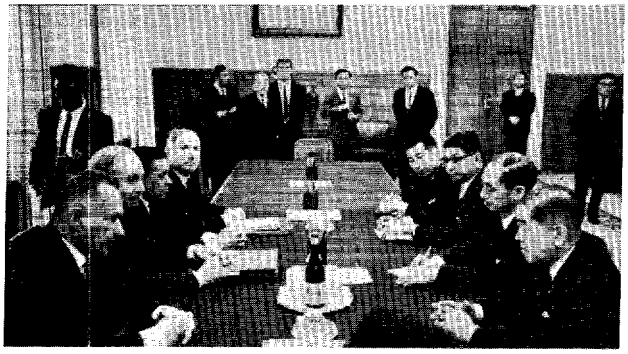
POLITICAL ISSUES

The Japanese Government's attitude toward broadening ties with the USSR is ambivalent; improved ties are desirable for a variety of political and economic reasons, but there is no pressing need to make any major concession to obtain them because of Japan's relative security and prosperity under the protective wing of the US. Given this lack of urgency on the part of the Japanese, relations between Tokyo and Moscow have improved very slowly. Thus far the Japanese have been reacting to Soviet initiatives rather than taking positive initiatives themselves. This situation has been most pronounced since the Sino-Soviet split emerged into public view.

Political relations between Japan and the USSR have remained somewhat clouded by the lack of a World War II peace treaty between the two nations. Diplomatic relations were restored in 1956, but the protracted negotiations prior to the renewal of ties were characterized from the Japanese point of view by Soviet intransigence and vindictiveness. The Soviets insisted on retaining the two Japanese-claimed Southern Kuril Islands, Etorofu and Kunashiri, as well as some small island groups, Shikotan and the Habomais, located off the northeast tip of Hokkaido. The Soviets have implied, however, that they will return Shikotan and the Habomais if and when a formal peace treaty is signed.

Soviet retention of these "Northern Territories," as the Japanese refer to them, has been a continuing irritant in relations between the two countries and a major obstacle to a peace treaty. Although Tokyo claims that the Soviets were slightly encouraging during Foreign Minister Aichi's visit to Moscow last September, there is little official hope that the USSR will soon return the islands. The Northern Territories problem has been manipulated by Tokyo largely for domestic political purposes and for leverage against Moscow on peripherally related issues.



Kosygin and Aichi in Conference in Moscow

During the past year the Sato government has undertaken a systematic effort to agitate the Northern Territories issue—even before the Soviets extended their invitation to Foreign Minister Aichi to visit Moscow for a discussion of mutual problems. The Japanese Government announced it would not sign a peace treaty with Moscow until the Southern Kuril chain, as well as Shikotan and the Habomais, are returned to Japan. The government's campaign reached its highest pitch in early September. This was just before Aichi left for Moscow and Washington, and after the sinking of a Japanese fishing boat by a Soviet patrol vessel, which resulted in the drowning of all but one of the Japanese crew.

Sato's decision to mount a concerted campaign on the Northern Territories issue may have been motivated in part by the desire to divert some popular attention away from the volatile Okinawa issue. Recognizing that emotions over Okinawa were already intense, Sato may have felt that every bit of diversion helps. In addition, Tokyo's Northern Territories campaign may have been intended to demonstrate to the US that Japan was not directing its reversion efforts solely against the US.

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The Japanese Government's demarches to Moscow for a return of the Northern Territories are also aimed at keeping the Sato administration from being out-distanced on this emotional and exploitable issue. The leftist parties have adopted a nationalistic stance on this issue, particularly the Japan Communist Party which is trying energetically to present itself as independent of foreign direction. The Communists are even demanding the return of the entire Kuril chain and

25X1 southern Sakhalin.

The government's approach to the Kurils has also forced the Japan Socialist Party, the largest opposition party, to take a stand on the issue. The Socialists took a pro-reversion stand as expected, thereby adding an irritant to their relations with Moscow.

Tokyo has emphasized inherent dangers to security posed by the Soviet presence in the Northern Territories and Soviet harassment of Japanese fishermen in an effort to heighten the "defense consciousness" of the average Japanese. The Japanese Government has never had much success in convincing the people that a "threat" to Japan's security exists, whether it be from the USSR, Communist China, or elsewhere. Singling out specific countries as potential threats has always been a very sensitive political problem in Japan because the opposition parties have maintained that this would be a "hostile act" in violation of Japan's "peace" constitution. Only recently, perhaps in part as a result of its campaign to stimulate interest in the Northern Territories, has the government felt confident enough to discuss the USSR in terms of military threat. A defense white paper recently drafted by the Japan Defense Agency cites Soviet naval and air activity near Japan as a "threat." The government thus sees the Northern Territories issue as a useful device for educating the public on the "need" to strengthen the size and the importance of the Self Defense Forces.

Japanese pessimism over the prospects for a return of any part of the Northern Territories in the foreseeable future, if ever, is rooted in Moscow's consistently inflexible attitude on the subject. Possession of Etorofu and Kunashiri ensures Soviet control over the Sea of Okhotsk, and the question of Soviet right to territory seized during World War II is sufficiently sensitive in Moscow's eyes that it has remained adamant over its intention to retain the islands. In public, the Soviets cite the rise of a new Japanese "militarism" as one reason for their unwillingness to return the disputed islands.

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CHINA AND THE BALANCE OF POWER

Perhaps a more basic factor governing Tokyo's relations with Moscow over the long term is Japan's desire to develop a more favorable balance of power in Northeast Asia, a region where the interests of China, the USSR, and the US are in constant conflict. Japan relishes its current bargaining position among these powers and does not want to antagonize unduly any one of them merely to gain some temporary advantage with another, particularly the USSR. Tokyo has clearly looked with favor on the rivalry between China and the USSR, and has already benefited as both Communist powers, the Russians more assiduously, have worked to turn Tokyo against the other.

The Sato government reacted cautiously to the recent Soviet proposal on Asian collective

security, which most Japanese assume is, in effect, a device aimed at containing China and expanding Soviet influence in Southeast Asia. Tokyo sidestepped involvement by telling the Russians that organizations like the Asia Pacific Council (ASPAC) and the Asian Development Bank, to which Japan belongs, are already on the same track as the Soviet idea. In any case, the vagueness of the collective security proposal apparently has led Tokyo to believe that the Soviets have nothing immediate in mind, and therefore it is not necessary to respond until Moscow comes up with something more specific.

The Japanese have a lesser but continuing interest in not irritating the Chinese to the point where what limited trade and cultural interchange now exists is cut off. Many Japanese are intrigued by the potential market presented by the "800 million customers" across the East China Sea. Some segments of the business community, which is strongly represented in the ruling conservative party, are anxious to keep a foot in the Chinese door—primarily with an eye to future trade. In the political and cultural areas, the Japanese believe that because of their leading position in Asia and their ancient ties with China, they are in a unique position to bridge the great gap between China and the West.

Any move that could further aggravate relations with Peking could pose particular problems for Prime Minister Sato. It would incur the displeasure of certain business-oriented factions within the Liberal Democratic Party, as well as several ambitious leaders in the party who have attempted to reap political dividends by publicly pressing for a more "progressive" China policy. Consequently, if Sato were to display excessive cordiality toward the USSR, he would risk intraparty disharmony as well as popular unease.

From the Soviet point of view, Japan's rapidly growing economic power makes it more and more a force to be reckoned with in Asia, and the USSR would obviously like to place its relations with the Japanese on a friendlier footing. Moscow's efforts in this direction are hampered, however, by a belief that Japan tends to function as a US surrogate in Asia, and that Japanese activities it feels to be pro-Western in nature must be criticized. This belief often leads to the impression of a carrot-and-stick policy; Moscow may castigate Tokyo for the continuing presence of US bases in Japan and for alleged pro-Western actions on the Asian-Pacific Council, and at the same time turn on the charm for visiting Japanese ruling politicians. Moscow's efforts at good will are often negated by Soviet carping at Japanese policies that the Japanese feel are their own internal affairs.

The Soviets, in essence, really have little leverage on the Japanese. They are not yet willing to pay the price for Japanese good will that a generous offer on the Kurils would give them, nor are they willing to open up Siberia to economic exploitation on terms that would be highly attractive to Japanese capitalists. Moscow recently has taken a more realistic economic approach and is obviously trying to improve the political atmosphere. These steps have been essentially cautious, however, and have not given the Soviets sufficient influence to affect Japanese policy significantly.

ECONOMIC FLIRTATIONS

Tokyo has maintained a generally circumspect attitude toward trade and economic cooperation with the USSR, attracted by the great potential for expanding trade and investment but aware of Soviet economic limitations. Aside from the political implications of closer trade relations, the Soviets find Japan attractive because of (1) Japan's large, rapidly growing economy; (2) its proximity to Siberia, where Moscow is particularly interested in attracting capital; (3) the

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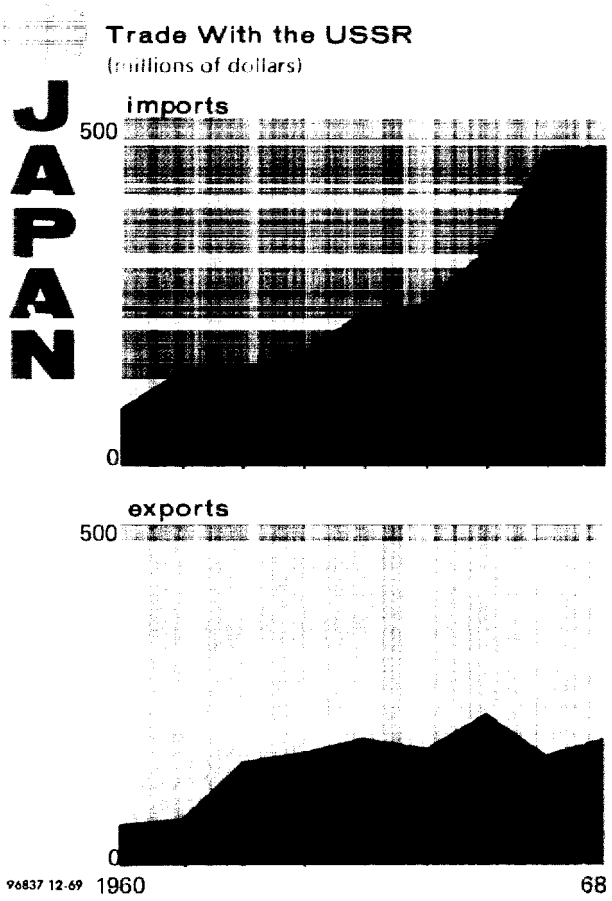

impressive technical capabilities of Japanese industry; and (4) indications of Tokyo's willingness to export capital with repayment on a long-term barter basis rather than in hard foreign currency.

In recent years Japan has suffered from an unfavorable balance of trade with the USSR. This year, however, the situation has improved somewhat, at least temporarily. Japan's exports to the USSR in the first eight months of 1969 totaled $120 million, up almost 70 percent from the corresponding period in 1968. Soviet exports to Japan during the same period, however, were unchanged. At the same time, a constant stream of Japanese economic officials and technical experts have visited the USSR at the invitation of Moscow.

On 5 November 1969, Japan and the USSR signed an agreement calling for independent air service by Japan Airlines and Aeroflot between Tokyo and Moscow over Siberia, beginning in March 1970. This will mark the first time that Moscow has permitted a foreign airline to fly independently over Siberia. The agreement will open up the shortest air route between Tokyo and Europe, and is an obvious source of pride to Japan, as well as an economic benefit.

The Soviet desire to attract greater Japanese investment in Siberia is probably behind these recent developments. This theme has recurred in economic relations between the two countries since 1957. The Soviets have dangled a variety of Siberian joint-development schemes in front of the Japanese, including exploitation of Siberian oil, gas, copper, and coal resources. These schemes generally have required greater amounts of capital than the Japanese have been ready to lay out.

The first major breakthrough in the joint development approach came last year, with an agreement that involves an exchange of $160 million worth of Japanese forestry development machinery for Soviet timber. The agreement was followed up this year by a deal for more Japanese machinery in return for $350 million worth of pulpwood and woodchips.

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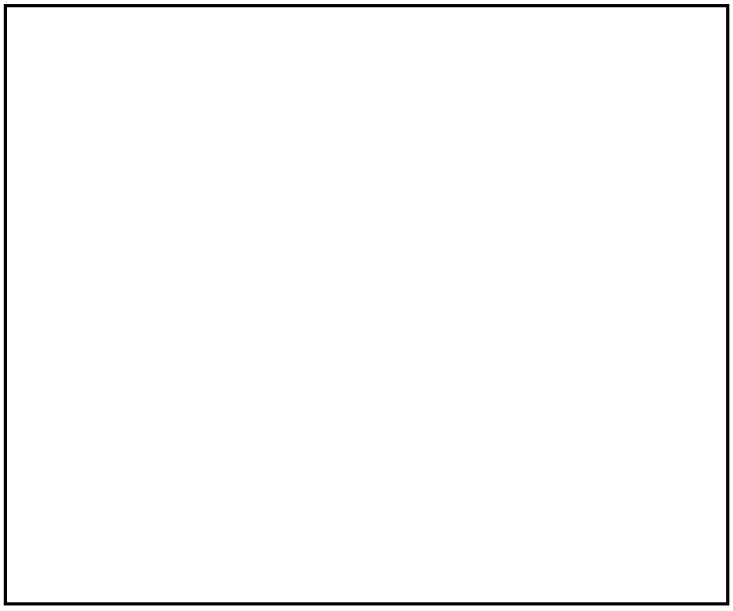
COURTING THE CONSERVATIVES AND THE LEFT

The ruling Liberal Democrats in recent months have found themselves the object of a new Soviet "smiles" diplomacy. Liberal Democrat leaders were deluged with invitations to visit the Soviet Union, particularly during the summer. Even hawks such as former Prime Minister Kishi as well as Finance Minister Fukuda, Sato's heir-apparent who in the past has been villified in the Soviet propaganda media, received invitations. Flattered but cautious, most Japanese officials have assumed that this new hospitality is aimed at encouraging expansion of Japanese trade and investment. Some Liberal Democrat leaders speculated that the Soviets are primarily interested in exploiting their presence in Moscow to demonstrate that Japanese Government leaders "understand" the Soviet position in the conflict with Peking. Some foreign office officials believe that the Soviets are trying to create a "Russian lobby" within the governing party that, while not actively supporting the Soviets, would at least not be automatically hostile. In fact, the Soviet desire to isolate China and Moscow's recognition that it will probably have to deal with the Liberal Democrats for the foreseeable future probably play a large part in the Soviet campaign.

Moscow's relations with both the Japan Communist Party and the Japan Socialist Party have been very uneven in the past. Recently both have been largely unresponsive to Soviet overtures, primarily because of domestic political reasons and because of hard-learned lessons on the danger of excessive foreign ties. The Socialists suffer from the added problem of strong pro-Peking sentiment within the party. Generally, Moscow has concentrated on improving relations with one while relations with the other were on the wane, and, on the whole, relations are somewhat better with the Socialist Party than with the Communist Party at this time.

The Japan Communist Party has been the biggest headache for Moscow during the past year because of its vigorous campaign to build an image as a moderate, independent party. The Japanese Communists have vehemently condemned the Soviet invasion of Czechoslovakia, demanding that the Soviets "immediately withdraw" their occupation forces. Their criticism of the Russian actions privately centers on the theme of "big power chauvinism," reflecting their party's displeasure with persistent Soviet "interference" in its internal affairs.

The Northern Territories have also been a source of friction between the Japan Communist Party and Moscow. The Japanese Communists' attempt to garner domestic political support by demanding that all of the Kurils and Sakhalin be returned, rather than just the Southern Kurils as the conservatives demand, understandably has not set well with Moscow.



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The coolness of Moscow's relations with the Japanese Communists in recent years has stimulated Soviet efforts to court the Japan

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Socialist Party, the largest but recently the least dynamic of the opposition parties. This year Moscow has taken several initiatives to develop a greater dialogue with the Socialists, but with

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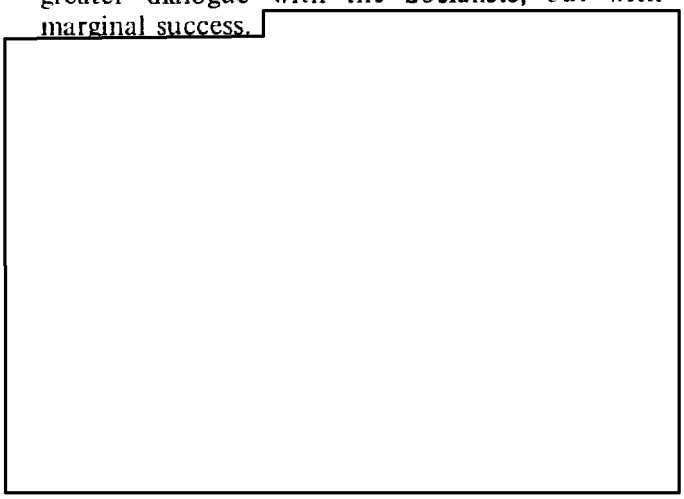

The cautious response of the Socialist leaders clearly reflected their concern over arousing the vocal pro-China wing of the party (Socialist relations with Communist China currently are somewhat more comradely than with the USSR). Furthermore, the Socialist leadership, despite the superficial impression to the contrary apparent in its ideological rigidness, is concerned about alienating electoral support by expressions of support for Moscow. The Soviet invasion of Czechoslovakia and the Northern Territories problem have been emotional topics which the

25X1 Socialists could not ignore.

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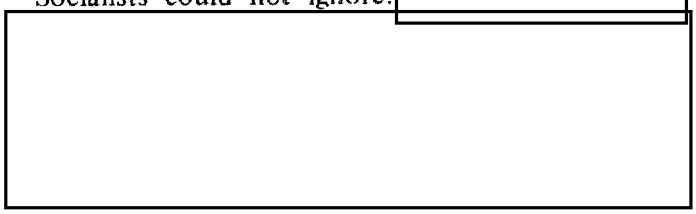

Another of the opposition parties, the Buddhist-based Komeito, has intrigued Moscow in recent months—particularly since the Komeito's impressive performance in last summer's Tokyo municipal elections. Since then, Komeito has attracted considerable attention because of its announced plans to run a much greater number of candidates in the next national Diet elections. At this stage, however, the Komeito appears to be more interested in developing a dialogue with Peking than with Moscow. This aggressive and opportunistic arm of the Sokka Gakkai Buddhist sect has been trying for some time to send a party delegation to Communist China as part of its professed goal to build a bridge between China and the US, as well as between China and Japan. Komeito, aware of the importance of a rapprochement with Peking in the eyes of many Japanese, is eager to get as much political mileage as possible out of this viewpoint. Komeito has been quite vocal in its demand that the USSR return the entire Kuril chain, not just the southern islands, probably as part of its desire to develop contacts with Peking and because of the inherent domestic political value in the issue. For these reasons, and because of Komeito's growing importance as a political force in Japan, the USSR is likely to show greater interest in the party over the near term than will be reciprocated.

THE KURILS AND BEYOND

For the foreseeable future, relations between Tokyo and Moscow probably will be characterized by continued sparring and hard bargaining, with whatever movement that does occur probably limited primarily to the economic sphere.

Little significant progress is likely in political relations because of the general satisfaction of the Japanese government with its pro-Western course, and Soviet inability or unwillingness to offer Tokyo anything substantial enough to alter that course. Moscow could accrue considerable good

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will by being more generous about the Northern Territories but it has shown no willingness to do so; an attitude that will continue to be a drag on relations. Now that Okinawan reversion is tentatively settled, the Japanese Government will be able to devote considerably more attention to the Northern Territories, when it serves Japan's interests. Over the short term, Tokyo may press for a tentative working agreement which would provide some guarantees of safety for Japanese fishermen operating near the Northern Territories. Tokyo will also continue to press, on an intermittent basis, for the return of close to 200 fishermen currently jailed in the USSR for violating Soviet-claimed territorial limits. Tokyo will have to tread a delicate line between the short-term interest of easing frictions over the fishing dispute and the long-term problem of maintaining a strong, consistent claim to Japanese sovereignty over the Kurils.

Over the next few months Moscow is likely to prod Japan constantly to sign and ratify the Nonproliferation Treaty. The Japanese, who have been dragging their feet on the treaty, will probably continue to imply to the Soviets, as they have to the US, that a signature is imminent. Indeed, Tokyo may sign soon after the general elections expected in late December. The Soviets, however, may have to be patient in waiting for ratification: the Japanese apparently will not ratify the treaty, at least until their objections to its inspection procedures are accommodated.

In the economic sphere, the Japanese will hold out for the best possible terms, and will continue to balk at investing the huge amounts of capital which the Soviets desire. Tokyo will probably maintain, at least, its basically ambivalent attitude toward large-scale involvement in Siberian joint-development schemes, viewing them as desirable but not profitable at present. Tokyo and Moscow undoubtedly believe that each has considerable leverage and sufficient time to work to secure the most favorable conditions. For the short term both sides will focus on the improvement and expansion of Soviet Far East port facilities, which the Japanese believe is an essential prerequisite to profitable investment in Siberian development.

During the coming year Japan will witness a major Soviet face-lifting campaign in connection with Expo-70 in Osaka. 25X1

The Soviets have already used the fair as a lever to expand their presence in Japan by pressing for Japanese agreement for a new Soviet consulate in Osaka in return for a new Japanese consulate in Leningrad. The Japanese probably will agree to this request. They are likely to continue resisting Soviet efforts to establish a permanent Aeroflot office in Osaka in connection with the new civil air agreement, and will continue to respond cautiously to the numerous Soviet requests to expand their various representations in Japan.

As long as Tokyo places credibility in the US commitment to protect Japan against any external threat, improvement in Japan-USSR relations will proceed slowly. The Japanese, because they do not feel particularly threatened by the Chinese, see no pressing reason to strengthen ties with the USSR except perhaps for economic benefits. The suspicions and antagonisms built up over the years, culminating in the hostilities near the end of World War II, will be difficult to paper over. The traditional Japanese interest in developing contacts with Communist China, moreover, may increasingly act as a restraining influence in Japanese attitudes toward Moscow, particularly if Peking moves toward a more moderate international posture. 25X1